



Internal Audit Report

Integrated Criminal Justice
Information System (ICJIS)
September 2002

Executive Summary Report



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Audit Team

KPMG LLP

Sandy Chockey, IT Audit Manager

ICJIS Project Review

Executive Summary Report

(copies of the complete report are available upon request)

Distribution

Don Stapley, Chairman, District 2	David Smith, CAO
Fulton Brock, Supervisor, District 1	Sandi Wilson, DCAO
Andrew Kunasek, Supervisor, District 3	Lin Thatcher, CIO
Max Wilson, Supervisor, District 4	Audit Advisory Committee
Mary Rose Wilcox, Supervisor, District 5	ICJIS Executive Committee

Conclusion

Management controls over the Integrated Criminal Justice Information System (ICJIS) project are designed appropriately but not functioning effectively. Failure to apply effective management controls over the implementation effort significantly increases the risk that ICJIS implementation objectives will not be met.

We found several areas where improvements need to be made, specifically, project planning, project operational controls, resource use, and communications and reporting. This report includes audit issues, our recommendations, responses from the ICJIS Agency, and comments from ICJIS Executive Committee members.

ICJIS Agency Response

ICJIS appreciates the opportunity for independent review of the ICJIS Project. We agree that failure to apply effective management controls increases the risk that project objectives may not be met. We submit, however, that the conclusions contained within this audit do not sufficiently describe the degree and breadth of management controls currently in place.

Background

Maricopa County Voters approved Proposition 400 in 1998, which raised the sales tax collected within the County by 1/5th of a cent. These funds are being used to build new adult and juvenile detention facilities and pay for programs aimed at reducing the overall jail population. ICJIS is an important part of this initiative.

We have completed a review of the ICJIS project which was performed by KPMG LLP. The Maricopa County Internal Audit Department provided direction and oversight. The objective of this review was to evaluate the design and effectiveness of controls around management and execution of ICJIS implementation.

Scope

The scope of the audit was to perform a project review of the ICJIS implementation, which included evaluating project management controls. KPMG's industry-tested Project Risk Management Methodology was used to evaluate the design and effectiveness of controls surrounding the ICJIS implementation.

<p>Issue #1:</p> <p>Project Budget Setting</p>	<p>A detailed process of defining project goals, projecting resources, and calculating the costs of obtaining those goals was not performed to establish the project budget.</p> <p>Recommendation: The Executive and Business Teams should re-address the original goals of the ICJIS project, and then work with the ICJIS project team to develop an accurate budget reflective of the objectives, as authorized by the Board of Supervisors.</p> <p>Agency Response: Do not concur. A detailed, comprehensive ten-year plan was developed per the direction of OMB and was included in the 2001 Strategic Business Plan.</p> <p>Auditor Comment: The budget plan referred to lacks the detailed information required to accurately develop a project budget.</p>
<p>Issue #2:</p> <p>Contingency Planning</p>	<p>Contingency plans addressing cessation of project funding have not been developed.</p> <p>Recommendation: The ICJIS team should devise a plan that anticipates no additional funding beyond the original \$25 million budget. The plan should include specific tasks that address objectives within Phase I to be completed prior to July 2005.</p> <p>Agency Response: Concur. ICJIS has not been directed to develop a contingency plan in the event the ICJIS Project ends. County Officials need to make a policy decision regarding the future of ICJIS after the \$25 million has been expended.</p>
<p>Issue #3:</p> <p>Strategic and Tactical Project Plans</p>	<p>Up-to-date project plans and periodic project plan “snapshots” are not maintained by the ICJIS project team. Strategic plans do not include detailed prioritization of tasks, adequate description of tasks, sufficient budget information, or adequate detail of project task phasing.</p> <p>Recommendation: The ICJIS project team should adhere to more structured project management disciplines such as maintenance of comprehensive project plans, formal change control procedures, quality assurance, etc.</p> <p>Agency Response: Do not concur. ICJIS Project Team maintains accurate and up-to-date project plans. Contrary to the KPMG conclusions, the ICJIS Project is managed using comprehensive planning processes, documentation of policy, technical designs, prioritization of project tasks, milestones and extensive documentation.</p>

<p>Issue #3 (continued)</p>	<p>Auditor Comment: We stand by our observation that the ICJIS project planning process does not include key components of sound project management such as statements of work, resource requirement forecasting, defined Agency roles and responsibilities, and detailed definition of tasks. Evidence of these components was not provided during our review.</p>
<p>Issue #4: Project “End-Game” Strategy</p>	<p>The ICJIS project team has not developed an end-game strategy that considers support of ICJIS systems at the completion of the project.</p> <p>Recommendation: The Executive Team should initiate a formal process to determine the provision for ongoing maintenance of the ICJIS hardware, applications, and support staff.</p> <p>Agency Response: Concur. We have been working with OMB and others to identify on-going costs and agency responsibilities. We anticipate that these activities will be concluded with the 2003 ICJIS Strategic Business Plan approval process.</p>
<p>Issue #5: Physical and Logical Security</p>	<p>Many security features typically found in a project of this nature such as security policy, logical and physical security controls, security matrix, logical and physical security testing, and security logs and monitoring processes were not evident in the ICJIS project.</p> <p>Recommendation: The ICJIS project team should expedite the creation of the security processes required to support this project, including, but not limited to a security policy, documented logical and physical security controls, a security matrix, testing of the security environment, and a security logging and monitoring process.</p> <p>Agency Response: Concur. We are on schedule to complete the ICJIS Security Policies and related logical and physical security control documentation. These policies and associated processes will include the development and documentation of logical and physical security controls, security matrix, testing of the security environment, and a security logging and monitoring process.</p>
<p>Issue #6: Overall Project Controls</p>	<p>Controls do not appear to be in place to adequately evaluate, verify, and validate project processes and deliverables.</p> <p>Recommendation: The ICJIS project team should implement an independent project performance verification and validation process to monitor the ICJIS project.</p>

<p>Issue #6: (continued)</p>	<p>Agency Response: Do not concur. Project management controls have been designed into our process and are operating effectively. Projects are recommended by the ICJIS Project Team to JALET and the Business Team for review and prioritization and forwarded to the Executive Committee for approval.</p> <p>Auditor Comment: We stand by our observation that adequate controls are not in place to evaluate, verify, and validate project processes and deliverables. The ICJIS project team response reinforces KPMG’s assertions that project stakeholders are not determining project priorities, technology direction, and the amount of information required to procure resources.</p>
<p>Issue #7: Inter-Agency Project Controls</p>	<p>The project controls between the various County teams and committees (Business, JaLET, OMB, and Citizen’s Oversight Committee) are not operating effectively.</p> <p>Recommendation: The ICJIS project should adhere to the documented roles and responsibilities of the various committees and County entities.</p> <p>Agency Response: Do not concur. Project controls are present and operating effectively to ensure that ICJIS project activities are appropriate and are in the best interest of the objectives defined by the stakeholders.</p> <p>Auditor Comment: We stand by our observations that project controls between the various County teams and are not operating effectively. Vertical communication within agencies, and quarterly meetings between the Project Director and some agency heads do not adequately provide project controls.</p>
<p>Issue #8: Project Priority Setting</p>	<p>The Executive and Business Teams are not adequately engaged in setting project priorities.</p> <p>Recommendation: The Executive and Business Teams should develop a process for identifying project priorities and require the ICJIS Project Director to create and adhere to a project plan that addresses these requirements.</p> <p>Agency Response: Do not concur. The ICJIS Executive Committee and Business Team have been directly involved in setting priorities for the ICJIS project, beginning with formation and adoption of the annual ICJIS Strategic Business Plan, approval of the annual ICJIS budget, and approval of various components of the project during monthly meetings.</p> <p>Auditor Comment: We stand by our observation. Formal processes for stakeholder identification of project priorities, and requirements the ICJIS Project Director create and adhere to a project plan that addresses these requirements, are not in place.</p>

<p>Issue #9:</p> <p>Change Management</p>	<p>The impact of project changes or task additions does not appear to be adequately defined or addressed by the ICJIS project team.</p> <p>Recommendation: The ICJIS project team should create a formal change control process that addresses project-staffing requirements, resource requirements, and schedule modifications, as stakeholders approve changes.</p> <p>Department Response: Do not concur. Prior to the KPMG audit, IJCIS was developing an IT Service Management process covering service level agreements, incident management, business continuity, release management, and change management.</p> <p>Auditor Comments: We stand by our observation that a formal change control process was not in place at the time of our review. We support the agency's efforts to implement a formal change management process.</p>
<p>Issue #10:</p> <p>Project Budget Process</p>	<p>The ICJIS project budget for 2002/03 lacks sufficient detail to determine specific intended purchases and the rationale driving the purchase.</p> <p>Recommendation: The ICJIS Project Director should provide detailed budget information as requested by the project stakeholders and the OMB. The budget information should include a detailed list of hardware/software required, a description of consultative assistance, purchased versus developed software, the integration feeds, etc.</p> <p>Department Response: Do not concur. The detailed ICJIS budget was submitted to the Executive Committee, Business Team, OMB, and the OCIO consistent with County budget policies and procedures and the budget review process. Each of these entities unanimously recommended approval of the ICJIS budget and none requested more detail than was provided.</p> <p>Auditor Comment: We stand by our observation that the ICJIS project budget for 2002-2003 lacks sufficient detail to determine specific intended purchases and the rationale driving the purchase.</p>
<p>Issue #11:</p> <p>Test Approval</p>	<p>Test and quality assurance processes lack formal approval and acceptance processes.</p> <p>Recommendation: The ICJIS project team should develop a formal approval and acceptance process for completed tasks. The acceptance process should include sign-off of completed tasks by the Agency stakeholder(s) affected by the completed activity, thereby allowing relevant parties to confirm satisfaction with the outcome of testing/implementation.</p> <p>Agency Response: Do not concur. KPMG fails to recognize the role of the Agency Analysts in representing the interests of the agency stakeholders. Sign-off is accomplished between Agency Analysts, JALET, and Business</p>

	<p>Team members.</p> <p>Auditor Comment: We stand by our observation that test and quality assurance processes lack formal approval and acceptance processes. Verbal communication between Agency Analysts and Agency stakeholders does not constitute a formal approval and acceptance process by Project and Agency management.</p>
<p>Issue #12: Proper Use of Studies</p>	<p>Goals, direction, and action plans based on third-party studies have not been appropriately developed nor have they been challenged by an independent quality assurance function.</p> <p>Recommendation: The ICJIS project team should develop action plans based on the studies, indicating the specific project tasks and resources required, the costs to implement those tasks, and the anticipated outcome of those actions.</p> <p>Agency Response: Do not concur. Results of studies are incorporated into ICJIS project goals, direction, and action plans. Independent quality assurance is performed by organizations internal and external to Maricopa County.</p> <p>Auditor Comment: We stand by our observation that the documents mentioned have not been adequately developed. Detailed examples have been provided.</p>
<p>Issue #13: ICJIS 7-Year Communications Forecast</p>	<p>The ICJIS 7-Year Communications Forecast does not provide sufficient, detailed information to describe the hardware, software and data connectivity required to support the ICJIS project's secured backbone.</p> <p>Recommendation: The ICJIS project team should expedite the creation of a detailed project plan with supporting documentation to adequately define and support the creation of a secure data network that supports Agency requirements.</p> <p>Agency Response: Concur. The new ICJIS Network Security Officer will coordinate this effort between County Telecommunications and the ICJIS agency.</p>
<p>Issue #14: Training</p>	<p>The current projected training budget, as expressed in the ICJIS Summary Budget, does not appear to be adequate to support the ongoing training needs of the ICJIS team or the supporting Agency IT staff.</p> <p>Recommendation: The ICJIS project team should perform an assessment to determine the number of County employees and contractors who will require training for each project task, and the cost of providing those classes, to</p>

	<p>develop an accurate project training budget.</p> <p>Agency Response: Concur that the budget is not adequate; do not concur that an assessment needs to be performed. The ICJIS project team has performed an assessment to identify the types of training required for each project, who should receive training, and where extensive training should be acquired, cost of training options, selection of courses, and an estimated training budget.</p> <p>Auditor Comment: We stand by our statement that this needs to be revisited.</p>
<p>Issue #15: Monthly Status Reports</p>	<p>Neither the old nor the new ICJIS Monthly Status Report formats provides adequate project information to determine the status of ICJIS tasks or projects.</p> <p>Recommendation: The ICJIS project team should develop a monthly status report that accurately represents the progress of each significant project task. In addition, the report should include a summary of project risks and steps being considered to mitigate those risks.</p> <p>Agency Response: Do not concur. The ICJIS Monthly Status Report has evolved according to the desires of the ICJIS Executive Committee and Business Team. ICJIS looks forward to any guidance from the Executive Committee regarding the format of the Monthly Status Reports if they desire any changes.</p> <p>Auditor Comment: We stand by our observation that monthly status reports are inadequate. As we state in our report, neither monthly report format clearly shows if tasks are on, ahead of, or behind schedule. The report formats also do not clearly show if project tasks are on, over, or under budget. Additionally, significant risks and challenges to the project are not identified.</p>
<p>Issue #16: Lack of Project Information</p>	<p>Lack of adequate information regarding task prioritization and project milestones from the ICJIS project team has resulted in excessive discussion and debate at the Business Team meetings.</p> <p>Recommendation: The ICJIS team should provide sufficient, detailed information on a timely basis to the project stakeholders. This information can be used by the Business Team members and their respective Agencies to adequately prepare to support ICJIS project initiatives.</p> <p>Agency Response: Do not concur. The ICJIS Director provides the ICJIS Business Team with extensive information, in the form of status report, memorandum, Gantt chart timetables, budget breakdowns, Power Point and oral presentations. Agency Analysts and JALET members should provide additional clarification of project status to the Business Team member if the</p>

	<p>need arises.</p> <p>Auditor Comment: As we have detailed in various observations throughout this report, the information provided to the project stakeholders by the ICJIS Project Director and ICJIS Project Team lacks the detail necessary for stakeholders to make informed decisions.</p>
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Executive Committee Comments

<p>Chairman Colin Campbell Presiding Judge</p>	<p>Although the Superior Court supported the initiation of an audit, the Superior Court believes the final KPMG audit is of limited management value. The methodology of the audit is not set out in a manner that provides clear guidance to the reader, and often the audit concludes with undocumented statements of disagreement between the ICJIS management and auditor. Further, an audit that retrospectively measures performance from an auditor's view of organizational management creates a clear conflict of interest between a neutral presentation and a sales pitch for the auditor to become the next manager. Finally, the audit fails to appreciate or make recommendations on the unique organizational problems of five independent governmental agencies attempting to work together in a collaborative fashion.</p> <p>Nonetheless, the Superior Court agrees that the audit correctly identifies a management issue in the Executive Committee in failing to give clear policy directives to the project team. As a result of the audit and ongoing discussions the ICJIS Executive Committee has agreed to meet under a new format where the JALET and the Business Team agency representatives will be present at each Executive Committee meeting and participate in briefing. This presentation format should result in a consensus recommendation from JALET on the technology direction, better identification of policy issues for the Executive Committee, and greater direction from the Executive Committee on documentation and fiscal issues. The JALET group and Business Team have created a sample format from their recent meetings. The analysis already indicates a high degree of agreement on the merit of Phase I projects. To succeed, the Executive Committee, as policy head of departments, must all be willing to dialogue on project issues and make consensus decisions.</p>
<p>Bob Briney Legal Defender</p>	<p>We have reviewed the Internal Audit Report and its findings. It is clear from the recommendations and the agency responses that there is a significant difference of opinion between KPMG and ICJIS. The make-up of ICJIS, the scope of this project, the complexities of the issues, and the broad gap between the auditor's position and the ICJIS agency's response make analysis difficult. We worry that KPMG has used an audit protocol that is more appropriate for a private corporation than for a government project of this nature.</p> <p>Nothing in the audit indicates that taxpayer money has been misspent or that the projects in progress are not worthwhile. That being said, a number of the processes identified in the audit merit our review. Specifically, three areas, security, operational controls, and "end game" strategy need the immediate attention of the Executive Committee.</p> <p>It appears that most of the recommendations put forth are being accomplished to a certain extent, although not to KPMG's recommended level. Overall, closer review of the activities will likely result in a tighter project plan and greater accountability. All indications are that the potential of this project to improve the Criminal Justice System warrants continued commitment and support.</p>

Executive Committee Comments

<p>Michael Jeanes Clerk of the Court</p>	<p>The initial stated purpose for an audit of the ICJIS project was to determine whether resources were used inequitably to the advantage of the minority, and to the disadvantage of the majority, stakeholders. The KPMG Audit Team did not address this issue because it was spurious. Instead, KPMG took a tangent criticizing the project management from a general project management framework about which they are prepared to consult - for an additional price.</p> <p>It appears KPMG did not reference studies, existing projects, governance and project management recommendations specifically related to integrating criminal justice systems. SEARCH*, with whom the Business Team consulted while in the groundwork setting stage of the ICJIS project, would have been an excellent source of elucidation for the unique demands of this type of project. This focused study has been done by the ICJIS Business Team and by the ICJIS Project Team.</p> <p>This project is extremely important to the justice community in Maricopa County and ultimately to the citizens of the county and state. Well-intentioned and highly skilled people have grappled with the integration issues for two decades with very little results. We do have a successful project under way. We can oversee a more stringent adherence to the governance document and request periodic facilitation, consultation and review by SEARCH.</p> <p><i>*SEARCH, The National Consortium for Justice Information and Statistics, with funding from the Bureau of Justice Assistance, U.S. Department of Justice</i></p>
<p>Richard Romley County Attorney</p>	<p>I strongly concur with the findings reached by KPMG and Internal Audit as presented in this report. It is very apparent that there are serious problems with the ICJIS project. The auditors found serious deficiencies in project planning, project and budget controls, resource use, communications and reporting. This validates the concerns that I have voiced for quite some time. For more than a year, my office repeatedly requested project analyzes, planning documents, etc. that were not provided. A strong corrective action plan is clearly needed.</p> <p>On a separate note, I am very disturbed by ICJIS Director John Doktor's response to the audit. With few exceptions, he disagrees with each of the audit findings. It is evident that he fails to see the identified problems. As such, I am convinced that Mr. Doktor has no intention of resolving these problems. It is for this reason that I strongly recommend that he be replaced as director.</p> <p>I also believe that it is essential that we comport with Internal Audit recommendation #6: "the ICJIS project team should implement an independent project performance verification and validation process to monitor the ICJIS project." It is my strong recommendation that Maricopa County employ a "quality assurance director" to serve as ex-officio Chairman of each ICJIS committee to oversee the quality and thoroughness of the planning and management of the ICJIS project.</p> <p>As an elected official, I have a special obligation to the voters who authorized \$25 million in Jail Tax funds for the ICJIS project. The voters expect tangible results – and unless the deficiencies identified in the audit report are rigorously addressed, we will have fallen short in our promise to the voters.</p>

Executive Committee Comments

David Hendershott Sheriff's Office	No response.
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County Management Comments

Lin Thatcher CIO	<p>It is the neutral perspective of the CIO that this audit is materially flawed and misses the mark in terms of fulfilling its original intent. Many insights offered by staff were misunderstood or taken out of context and thus, the findings are significantly misleading. Until the issue was raised, representations were made regarding the views of the CIO--without first interviewing the CIO—with erroneous information being reported.</p> <p>It appears that KPMG never comprehended the full extent of planning, management, reporting and accomplishment that is being achieved. Thus, wrong assumptions were made. Also, there never seemed to be an understanding of the unique nature of managing a multi-faceted, multi-phased, multi-jurisdictional program with a wide range of stakeholders and political interests in different branches of government.</p> <p>The fact of the matter is, ICJIS: 1) has a sophisticated model of governance; 2) has more levels of business and technical oversight than <u>any</u> project we have seen at the County; 3) has developed extensive project plans, budget projections, and documentation; 4) has invited extensive participation; 5) has made excellent progress toward deploying a solid technology foundation based upon sound IT management practices; and 6) has been nationally recognized with a prestigious award for its accomplishments.</p> <p>In terms of completeness and usefulness, we find the KPMG audit and its conclusions a disappointment.</p>
David Smith CAO	No response.
Sandi Wilson DCAO	No response.